

# Individual Use Tax: Should I Pay Use Tax on Purchases Made Online, Out-of-State or From a Catalog?

## What is the Massachusetts use tax?

The use tax is a 6.25 percent tax paid on out-of-state or out-of-country purchases that are used, stored or consumed in Massachusetts and on which no Massachusetts sales/use tax was paid. Unlike the 6.25 percent sales tax, which is collected by merchants, use tax is generally paid directly to the state by the purchaser.

## When must I pay use tax?

If Massachusetts sales/use tax was not paid at the time of purchase, then a use tax is due when taxable goods such as appliances, jewelry, artwork, books, CDs and DVDs, software, computers, antiques, furniture, or other household items are purchased for personal use in Massachusetts:

- over the Internet;
- from an out-of-state vendor;
- from an out-of-country vendor; or
- from a mail-order catalog or out of state auction house.

## What if I already paid a tax?

Taxpayers who pay a sales/use tax to another state or U.S. territory are generally entitled to a credit up to the 6.25 percent Massachusetts sales/use tax rate.

**Note:** No credit is allowed for a sales tax or value-added tax (VAT) paid to another country, or for a local tax paid any city, town or county.

## How do I report and pay individual use tax?

Individuals may report and pay their use tax on their personal income tax return — Form 1 for residents or Form 1-NR/PY for part year residents. On either form, taxpayers may use the safe harbor method for pur-

chases of items costing less than \$1,000. The safe harbor method provides for an estimated use tax amount based on income ranges. Safe harbor reporting minimizes record keeping and taxpayers will not be assessed additional use tax if audited. Use tax on any purchase of \$1,000 or more must be added to the safe harbor amount. Taxpayers may also report and pay use tax with Form ST-11, Individual Use Tax Return. Regardless of which form you choose, individual use tax is due on or before April 15 for purchases made in the prior calendar year.

Schedule C filers may not report use tax on business purchases together with their individual use tax on Form 1, Form 1-NR/PY or Form ST-11. Business use tax must be reported on the applicable sales tax return or on Form ST-10.

## What else should I know about use tax?

- Massachusetts presumes that any tangible personal property purchased outside of Massachusetts and brought into the state within six months is for use, storage or consumption and is subject to the use tax. This presumption may be challenged by the purchaser. When property is brought into Massachusetts six months after purchase, the Department of Revenue may assert that a purchase is subject to use tax if it was always intended for use, storage or consumption in Massachusetts.

- If use tax is due on a motor vehicle or trailer purchased out of state or through a non-dealer sale, the tax must be paid to the Registry of Motor Vehicles or on Form ST-7R. Use tax on boats, recreation or snow vehicles must be reported on Form ST-6 online through WebFile for Income at [mass.gov/webfile](http://mass.gov/webfile).

- For more information, see *A Guide to Sales and Use Tax* or MGL Ch. 64 H and MGL Ch. 64I.